



Committee On Finance

Max Baucus, Ranking Member

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Opening Statement of Senator Max Baucus Nomination of Mark Everson to be IRS Commissioner

I want to begin by welcoming Mr. Everson, his family, and his friends to the Finance Committee. I also want to congratulate you for being selected by the President to serve as the 46th Commissioner of the Internal Revenue Service.

Since the Office of Commissioner of Internal Revenue was created in 1862, there have been five commissioners from the State of New York. Mr. Everson, you would be the sixth.

- William Orton served four months in 1865;
- Alfred Pleasonton served eight months in 1871;
- Joseph D. Nunan, Jr. served three years and 4 months around World War II; and
- Justin F. Winkle served as acting commissioner for 14 days in 1953.

Former Commissioner Charles O. Rossotti was the fifth native of New York to serve as Commissioner. Thankfully, he served longer than the previous four commissioners from New York combined. He was also the first to serve under the five-year term enacted as part of the 1998 IRS Restructuring and Reform Act. Prior to the Act, the average tenure of an IRS Commissioner was under three years.

The five-year term is important to the IRS, to the Congress, and the American taxpayer. Creating a term of 5-years was one of the key improvements made in 1998. It was designed to make the position less political and more accountable.

In everyone's judgment, it is the continuity of leadership at IRS that will help the agency become more efficient, responsive and respected. If you are confirmed, I expect you to fulfill the 5-year term. This commitment is not to be taken lightly. Continuity is critical.

There is also a critical need to stay the course. New Commissioners have a tendency to want to put their own stamp on the agency. Reconfigure operations. Change directions. Re-prioritize issues. Or move personnel.

But reorganization, in of itself, is not progress. The '98 Act provided the IRS with a long-term roadmap—a plan for moving the agency into the 21st century. Commissioner Rossotti was brought in to implement this plan – the most sweeping change to the IRS in 50 years. Under his leadership, the agency now has a new mission statement, a new organizational structure, a new strategic plan, and a new senior management team.

Commissioner Rossotti pulled the IRS wagon out of the ditch – and he has it headed in the right direction. The nation has been well served by his efforts. Unfortunately, the IRS wagon carries a heavy load – and is prone to being stuck in the mud.

Mr. Everson, your job is to keep the wagon on course and out of the mud. Consistency is critical. Five years ago, Congress and the Administration worked together to bring about changes at the IRS. Promises were made to the American taxpayer regarding the IRS's antiquated computer systems, customer service, and enforcement.

I intend to use today's hearing to examine the progress – or lack thereof – in fulfilling these three promises.

First, while improvements have been made, the IRS is still in the technological dark ages. We understand that only two major projects have been completed – with the others having delays and cost overruns.

I realize that Commissioner Rossotti said it would take 10 years to complete the modernization projects, but Congress expected that more would be accomplished on the technology front during his tenure. I would like to know whether the modernization effort will be complete during your five-year tenure. I would also like to hear how you intend to keep systems modernization on track and make it a reality.

Second, it is troubling that enforcement statistics have dramatically declined. When Commissioner Rossotti departed he pointed out that the IRS does not have the resources to pursue *identified* tax debtors and cheats. I applaud his frankness.

The numbers provided in his report to the Oversight Board last November are staggering:

- 60 percent of identified tax debts are not pursued;
- 75 percent of taxpayers who did not file a tax return are not pursued;
- 79 percent of identified taxpayers who use abusive devices (e.g., offshore accounts) to evade tax are not pursued;
- 56 percent of identified taxpayers with incomes of \$100,000 or more and underreport tax are not pursued; and
- 78 percent of partnerships and similar document matching are not pursued.

Honest taxpayers should not have to wonder whether the tax collector can keep up with tax cheats. I would like to hear your plans for addressing deliberate tax cheating. How do you intend to restore a credible enforcement presence at IRS?

Third, when Congress passed the '98 Act, we had a vision for a restructured IRS. We want IRS representatives to have timely computer access to tax information so taxpayer assistance is quick and accurate.

We want to reduce the paperwork and have more taxpayers filing electronically. We want honest taxpayers to be treated with respect. We want tax cheats brought to justice. I would like to hear how you plan to bring this shared vision into reality. Modernization and taxpayer service are critical.

Mr. Everson, being IRS Commissioner is one of the most demanding jobs in government. There are many challenges ahead of you. Taxpayers want a modern, professional agency. They are entitled to first-rate service. They expect the IRS to ensure that everyone is paying their fair share.

I am committed to working with you and the Administration to help the IRS meet the expectations of America's taxpayers and the Congress. I encourage you – and the Administration – to work with us.